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FISCAL IMPACT STATEMENT

LS 6756

BILL NUMBER: HB 1119

NOTE PREPARED: Dec 31, 2007

BILL AMENDED:

SUBJECT: Public Safety Retiree Reemployment.

FIRST AUTHOR: Rep. Austin

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows a retired member of the 1925 Police Pension Fund (1925 Fund), the 1937 Firefighters' Pension Fund (1937 Fund), the 1953 Police Pension Fund (1953 Fund), or the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) to:

- (1) be rehired, not less than 30 days after retirement, by the same unit that employed the member as a police officer or firefighter for a position other than that of a full-time fully paid police officer or firefighter; and
- (2) continue to receive a retirement benefit from the 1925 Fund, 1937 Fund, 1953 Fund, or 1977 Fund.

Effective Date: July 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Currently, retired members of the affected funds are precluded from returning to work at the same employer from which they retired, based on the Internal Revenue Service (IRS) "separation of service concept" which means a real retirement must occur. Allowing a retired member to return to work with the same employer and continue to receive a retirement benefit from the fund from which they retired will continue the benefit cost to the affected fund that otherwise would have terminated. The impact will depend upon the number of retired members who avail themselves of this provision and their annual benefit.

Background Information: In CY 2006, the 1925 Fund, the 1937 Fund, and the 1953 Fund had a total of 8,750

retired members with an average annual benefit of \$21,200. The 1977 Fund had 2,127 retired members with an average annual benefit of \$18,200.

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund as administrators of the 1977 Police Officers' and Firefighters' Pension and Disability Fund.

Local Agencies Affected: Units with members in the various funds.

Information Sources: *2006 Indiana Pension Handbook*, pages 152 and 172.

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